

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY

KINGSLEY, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

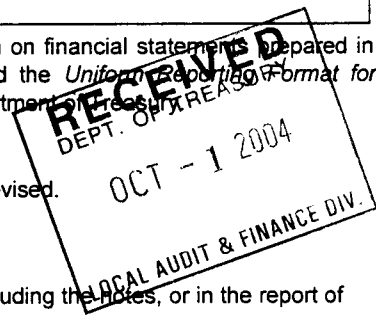
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Paradise Township	County Grand Traverse
Audit Date 3/31/04	Opinion Date 9/24/04	Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

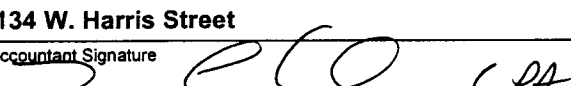


You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street	City Cadillac	State MI	ZIP 49601
Accountant Signature 		Date 9/29/04	

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

MARCH 31, 2004

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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Paradise Township
Grand Traverse County
Kingsley, Michigan

We have audited the accompanying general-purpose financial statements of Paradise Township, Grand Traverse County, Kingsley, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Paradise Township, Grand Traverse County, Kingsley, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUPS

MARCH 31, 2004

		<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY</u>
			<u>SPECIAL</u>	<u>FUND TYPE</u>
		<u>GENERAL</u>	<u>REVENUE</u>	<u>AGENCY</u>
<u>ASSETS AND OTHER DEBITS</u>				
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 82,977	\$ 745	\$ 11,451	
Savings Account	0	1,029	4,825	
Certificates of Deposit	126,442	2,500	0	
Money Market Account	0	5,296	0	
Taxes Receivable	6,755	16,383	0	
Land	0	0	0	
Land Improvements	0	0	0	
Buildings	0	0	0	
Machinery and Equipment	0	0	0	
Office Furniture and Fixtures	0	0	0	
<u>OTHER DEBTS</u>				
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	
TOTAL ASSETS	\$ 216,174	\$ 25,953	\$ 16,276	
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Payroll Withholdings	\$ 5,741	\$ 0	\$ 0	
Deferred Revenue	6,755	16,383	0	
Loans Payable	0	0	0	
Total Liabilities	\$ 12,496	\$ 16,383	\$ 0	
<u>EQUITY</u>				
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	
Balance				
Reserved for Fire Protection	0	5,296	0	
Reserved for Parks and Recreation	0	4,274	0	
Unreserved	203,678	0	16,276	
Total Equity	\$ 203,678	\$ 9,570	\$ 16,276	
TOTAL LIABILITIES AND EQUITY	\$ 216,174	\$ 25,953	\$ 16,276	

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

ACCOUNT GROUPS		TOTALS
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY) 2004
\$ 0	\$ 0	\$ 95,173
0	0	5,854
0	0	128,942
0	0	5,296
0	0	23,138
4	0	4
175,325	0	175,325
278,060	0	278,060
39,290	0	39,290
25,097	0	25,097
0	14,912	14,912
<u>\$ 517,776</u>	<u>\$ 14,912</u>	<u>\$ 791,091</u>
\$ 0	\$ 0	\$ 5,741
0	0	23,138
0	14,912	14,912
<u>\$ 0</u>	<u>\$ 14,912</u>	<u>\$ 43,791</u>
\$ 517,776	\$ 0	\$ 517,776
0	0	5,296
0	0	4,274
0	0	219,954
<u>\$ 517,776</u>	<u>\$ 0</u>	<u>\$ 747,300</u>
<u>\$ 517,776</u>	<u>\$ 14,912</u>	<u>\$ 791,091</u>

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
			<u>2004</u>
<u>RECEIPTS</u>			
Taxes	\$ 93,159	\$ 152,326	\$ 245,485
Licenses and Permits	18,673	0	18,673
State Grants	185,847	0	185,847
Contributions from Local Units	0	2,000	2,000
Charges for Services	7,739	0	7,739
Interest and Rents	5,165	1,162	6,327
Other Receipts	2,621	1,136	3,757
Total Receipts	\$ 313,204	\$ 156,624	\$ 469,828
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 42,039	\$ 0	\$ 42,039
General Government			
Supervisor	14,490	0	14,490
Election	7,932	0	7,932
Assessor	22,297	0	22,297
Clerk	13,861	0	13,861
Board of Review	477	0	477
Treasurer	19,231	0	19,231
Building and Grounds	247,089	0	247,089
Cemetery	2,282	0	2,282
Public Safety	21,547	178,291	199,838
Public Works	99,081	0	99,081
Recreation and Cultural	25,240	2,889	28,129
Other Functions	16,922	0	16,922
Total Disbursements	\$ 532,488	\$ 181,180	\$ 713,668
Excess of Receipts Over (Under) Disbursements	\$ (219,284)	\$ (24,556)	\$ (243,840)

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY) 2004</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 14,473	\$ 14,473
Operating Transfers Out	(14,473)	0	(14,473)
Total Other Financing Sources (Uses)	\$ (14,473)	\$ 14,473	\$ 0
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (233,757)	\$ (10,083)	\$ (243,840)
<u>BALANCE</u> - Beginning of Year	437,435	19,653	457,088
<u>BALANCE</u> - End of Year	<u>\$ 203,678</u>	<u>\$ 9,570</u>	<u>\$ 213,248</u>

The accompanying notes are an integral part of these financial statements.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 84,027	\$ 93,159	\$ 9,132
Licenses and Permits	7,000	18,673	11,673
State Grants	152,500	185,847	33,347
Charges for Services	0	7,739	7,739
Interest and Rents	5,750	5,165	(585)
Other Receipts	700	2,621	1,921
Total Receipts	\$ 249,977	\$ 313,204	\$ 63,227
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 74,640	\$ 42,039	\$ 32,601
General Government			
Supervisor	16,500	14,490	2,010
Election	10,844	7,932	2,912
Assessor	25,500	22,297	3,203
Clerk	15,315	13,861	1,454
Board of Review	1,000	477	523
Treasurer	19,560	19,231	329
Building and Grounds	213,000	247,089	(34,089)
Cemetery	3,500	2,282	1,218
Public Safety	35,368	21,547	13,821
Public Works	203,000	99,081	103,919
Recreation and Cultural	32,500	25,240	7,260
Other Functions	9,350	16,922	(7,572)
Contingency	9,700	0	9,700
Total Disbursements	\$ 669,777	\$ 532,488	\$ 137,289
Excess of Receipts Over (Under) Disbursements	\$ (419,800)	\$ (219,284)	\$ 200,516

EXHIBIT C

SPECIAL REVENUE FUND TYPES		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 78,599	\$ 73,794	\$ (4,805)
0	0	0
0	0	0
0	0	0
305	926	621
500	108	(392)
\$ 79,404	\$ 74,828	\$ (4,576)
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
83,000	78,267	4,733
0	0	0
2,000	2,889	(889)
0	0	0
0	0	0
\$ 85,000	\$ 81,156	\$ 3,844
\$ (5,596)	\$ (6,328)	\$ (732)

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	(14,473)	(14,473)
Total Other Financing Sources (Uses)	\$ 0	\$ (14,473)	\$ (14,473)
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (419,800)	\$ (233,757)	\$ 186,043
<u>BALANCE</u> - Beginning of Year	350,000	437,435	87,435
<u>BALANCE</u> - End of Year	\$ (69,800)	\$ 203,678	\$ 273,478

The accompanying notes are an integral part of these financial statement

EXHIBIT C

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 16,000	\$ 9,473	\$ (6,527)
0	0	0
\$ 16,000	\$ 9,473	\$ (6,527)
\$ 10,404	\$ 3,145	\$ (7,259)
0	1,129	1,129
\$ 10,404	\$ 4,274	\$ (6,130)

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Paradise Township is a general law township located in Grand Traverse County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types and account groups:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for these funds which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the Township makes and distributes for others in an agency capacity.

Account Groups. The General Fixed Asset Account Group is used to account for fixed assets of the Township. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

In accordance with Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of Paradise Township may be invested as follows:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c. Bankers' acceptances of United States bank.
- d. Mutual funds registered under the Investment Company Act of 1940 with the intention to maintain a \$1.00 per share net asset value and purchase only investment vehicles that are legal for direct investment by a public corporation.
- e. Obligations described in subdivisions a through d, as named above, if purchased through an interlocal agreement under the Urban Cooperation Act of 1967.
- f. Investment pools organized under the local government Investment Pool Act 121 of 1985.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Township has authorized the Treasurer to invest its available operating and reserve funds in the following instruments, subject to statutory restrictions:

- obligations of the U.S. Government, its agencies and instrumentalities with remaining maturities of five years or less.
- insured or collateralized certificates of deposit.
- certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- commercial paper rated within the highest classification by a national rating service, provided that no more than 3 percent of the total portfolio may be invested in any one issuer's obligations.
- corporate notes rated AAA with maturities under two years at the time of purchase.
- bankers' acceptance of the 5 largest (assets) banks in the U.S. provided no more be invested in a single bank's acceptances.
- repurchase agreements that comply with statutory requirements, are documented by a written agreement and are fully collateralized by delivery to an independent third-party custodian.
- money market mutual funds, provided that no sales or load charges may be deducted from the funds invested in a mutual fund at the time of purchase or redemption.
- the state's local governments or their public agencies, which are rated in the three highest rating categories by national rating service.
- other prudent investment instruments allowed by state law and specifically approved prior to purchase by a two-thirds majority of the governing body.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recorded are for unremitted payroll related amounts.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund equity represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements in conformity with generally accepted accounting principles requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reported period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 26, 2003, or as amended from time to time during the year by the Township Board.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Non-budgeted Governmental Funds

An annual budget was not adopted for the Ambulance Fund or the Battalion #2 Fire Department Fund. Therefore, these funds have been excluded from the "actual" figures reported on Exhibit C. The following schedule reconciles actual amounts as reported in Exhibit B to actual amounts as reported in Exhibit C:

	PER EXHIBIT B	FUNDS WITHOUT BUDGET	PER EXHIBIT C
<u>SPECIAL REVENUE FUND TYPES</u>			
Total Receipts	\$ 156,624	\$ 81,796	\$ 74,828
Total Disbursements	181,180	100,024	81,156
Excess of Receipts Over (Under) Disbursements	\$ (24,556)	\$ (18,228)	\$ (6,328)
Other Financing Sources (Uses)	14,473	5,000	9,473
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (10,083)	\$ (13,228)	\$ 3,145
Balance-Beginning of Year	19,653	18,524	1,129
Balance-End of Year	\$ 9,570	\$ 5,296	\$ 4,274

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Excess Disbursements Over Appropriations

Total disbursements in the Park Recreation Fund of \$2,889 exceeded appropriations of \$2,000 by \$889. This overage was funded by a transfer from the general fund.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$235,265 and the bank balance was \$239,517. Of the bank balance, \$213,075 is covered by federal depository insurance, and \$26,680 is uninsured and uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	PARK RECREATION FUND	FIRE FUND	BATTALION #2 FIRE DEPARTMENT FUND	CURRENT TAX COLLECTION FUND
Commercial Account	\$ 82,977	\$ 745	\$ 0	\$ 0	\$ 11,451
Savings Account	0	1,029	0	0	4,825
Certificates of Deposit	126,442	2,500	0	0	0
Money Market Account	0	0	0	5,296	0
	<u>\$ 209,419</u>	<u>\$ 4,274</u>	<u>\$ 0</u>	<u>\$ 5,296</u>	<u>\$ 16,276</u>

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 4	\$ 0	\$ 0	\$ 4
Land Improvement	175,325	0	0	175,325
Buildings	39,703	238,357	0	278,060
Machinery and Equipment	34,465	4,825	0	39,290
Furniture and Fixtures	25,097	0	0	25,097
TOTAL	<u>\$ 274,594</u>	<u>\$ 243,182</u>	<u>\$ 0</u>	<u>\$ 517,776</u>

The general fixed assets do not include the Battalion #2 Fire Department general fixed assets. The amount of general fixed assets owned by the Battalion #2 Fire Department is not known.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Property Tax Administration Fee

The Township passed a resolution on March 31, 1983, to charge a 1% administration fee on all ad valorem taxes levied after this date. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

D. Retirement Plan

The Township adopted a defined contribution pension plan on August 1, 1968. The plan is administered by the Manufacturer's Life Insurance Company. The plan covers all salaried employees. To be eligible for the plan, the participant must have attained age 18. Benefits attributable to employer contributions are 100% vested immediately. Contributions to the plan follow a predetermined schedule and are based on annual compensation. The Township pays 75% of the contribution and each participant pays 25%. In addition, participants are allowed to make voluntary after-tax contributions in amounts ranging from 1% to 10% of compensation. Total covered payroll for the fiscal year was \$40,690 and total wages including non-covered wages was \$72,606. The Township's pension contribution for the 2003-2004 year was \$3,655 which included \$603 of administrative fees.

E. Joint Fire Hall

The Township entered into a joint venture with Mayfield Township, and the Village of Kingsley to construct and maintain a town hall for Paradise Township and the Village of Kingsley, and a fire hall for the Village of Kingsley and Paradise and Mayfield Townships. Expenses in excess of rent receipts are underwritten by these units based on an allocation formula.

The town hall and fire hall is known as the KMP Emergency Facility. The joint venture has a separate governing board and also separate management which is responsible for day to day operations. The governing board has the ability to influence its own operations by approving budgets, signing contracts, hiring personnel and exercising control over the facility. This Board has final authority for all budgeting and financing of the joint venture.

The most recent joint venture summary audited financial information available as of March 31, 2002, is as follows:

Assets	\$ 166,285
Liabilities	309
Equity and Other Credits	165,976
Revenues	14,910
Expenditures	12,046
Excess (Deficiency) of Revenues to Expenditures	2,864

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

A copy of these audited financial statements may be obtained upon request from the treasurer of the KMP Emergency Facility.

F. Township Cemetery Boards

There are two cemetery boards, located within Paradise Township, that are being operated independent of the Paradise Township Board. These cemetery boards maintain their own financial records and this audit report does not include the examination of, or a report on, these cemetery boards and the respective funds.

G. Current Tax Collection Fund Balance

The balance of \$16,276 remaining in the current tax collection fund at March 31, 2004, consisted of the following items:

Due to Paradise Township General Fund and Fire Fund	\$ 16,276
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H. Ambulance Service

The Township levies a millage for Ambulance Service. The Ambulance Fund reported in these financial statements shows the transactions of the Township Ambulance Fund as they would have occurred if all Ambulance monies received for current and delinquent taxes were sent to the Ambulance Fund before being sent to the Kingsley Area Emergency Ambulance Service, Inc. The payments are being sent to the Kingsley Area Emergency Ambulance Service, Inc., directly from the Current Tax Collection Fund due to substantial savings of time and bookkeeping procedures.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 0.8386 mills in tax for general operating purposes, and 0.9837 mills for ambulance service and 1.0500 mills for fire protection on a state taxable valuation of \$78,588,710 on the 2003 tax roll.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the County tax rolls. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Township's portion of delinquent property taxes receivable is recognized as an asset. The taxes receivable are also recorded as deferred revenue and the tax collections are recorded as cash receipts when collected.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income on deposits and investments, and interest expense is summarized as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 5,165	\$ 0
Park Recreation Fund	21	0
Battalion #2 Fire Department	236	1,678
Total	<u>\$ 5,422</u>	<u>\$ 1,678</u>

Note - Interest income earned in the Current Tax Collection Fund is transferred to the General Fund and is included in General Fund interest shown above.

C. Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the Township for the year ended March 31, 2004:

	LOANS PAYABLE
Long-Term Debt Payable at April 1, 2003	\$ 32,234
New Debt Incurred	0
Principal Payments on Debt	<u>17,322</u>
LONG-TERM DEBT PAYABLE AT MARCH 31, 2004	<u>\$ 14,912</u>

At March 31, 2004, the Township's long-term debt consisted of the following:

Loans Payable

Fire Truck

Purchase of one (1) 1999 Freightliner fire truck -
Due in Annual Installments of \$9,468 Through
September 28, 2006, to Forest Area Federal Credit Union
Including Interest at 5.90%

\$ 14,912

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The annual requirements to amortize the debt outstanding as of March 31, 2004, including interest payments of \$880 is as follows:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>AMOUNT</u>
2005	\$ 9,468
2006	<u>6,324</u>
	<u>\$ 15,792</u>

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including workers compensation insurance and fidelity bonds.

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 82,977
Certificates of Deposit	126,442
Taxes Receivable	<u>6,755</u>
 TOTAL ASSETS	 \$ <u>216,174</u>

LIABILITIES AND EQUITY

LIABILITIES

Payroll Withholdings	\$ 5,741
Deferred Revenue	<u>6,755</u>
 Total Liabilities	 \$ 12,496

EQUITY

Balance	
Unreserved	<u>203,678</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>216,174</u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 84,027	\$ 93,159	\$ 9,132
Licenses and Permits	7,000	18,673	11,673
State Grants	152,500	185,847	33,347
Charges for Services	0	7,739	7,739
Interest and Rents	5,750	5,165	(585)
Other Receipts	700	2,621	1,921
Total Receipts	\$ 249,977	\$ 313,204	\$ 63,227
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 74,640	\$ 42,039	\$ 32,601
General Government			
Supervisor	16,500	14,490	2,010
Election	10,844	7,932	2,912
Assessor	25,500	22,297	3,203
Clerk	15,315	13,861	1,454
Board of Review	1,000	477	523
Treasurer	19,560	19,231	329
Building and Grounds	213,000	247,089	(34,089)
Cemetery	3,500	2,282	1,218
Public Safety	35,368	21,547	13,821
Public Works	203,000	99,081	103,919
Recreation and Cultural	32,500	25,240	7,260
Other Functions	9,350	16,922	(7,572)
Contingency	9,700	0	9,700
Total Disbursements	\$ 669,777	\$ 532,488	\$ 137,289
Excess of Receipts Over (Under) Disbursements	\$ (419,800)	\$ (219,284)	\$ 200,516

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfer Out	0	(14,473)	(14,473)
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (419,800)	\$ (233,757)	\$ 186,043
<u>BALANCE</u> - Beginning of Year	350,000	437,435	87,435
<u>BALANCE</u> - End of Year	\$ (69,800)	\$ 203,678	\$ 273,478

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Tax	\$ 52,149	
Delinquent Property Tax and Interest	7,496	
Property Tax Administration Fee	22,393	
Interest and Penalties	2,414	
Commercial Forest Reserve	73	
Swamp Tax	<u>8,634</u>	\$ 93,159

LICENSES AND PERMITS

Cable Television Fees	\$ 11,704	
Special Use Applications	300	
Land Use and Division Permits	4,060	
Metro Act	<u>2,609</u>	18,673

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		185,847

CHARGES FOR SERVICES

Summer Tax Collections	\$ 5,810	
Copy Charges	429	
Other	<u>1,500</u>	7,739

INTEREST AND RENTS

Interest Earnings		5,165
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OTHER RECEIPTS

Miscellaneous		<u>2,621</u>
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TOTAL RECEIPTS		<u><u>\$ 313,204</u></u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$ 3,500
Salaries and Wages - Secretary	15,435
Salaries and Wages - Per Diem	1,756
Salaries and Wages - Other	34

Supplies

Office Supplies	2,567
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Other Services and Charges

Contracted Services	60
Professional Services	11,536
Printing and Publishing	3,452
Transportation and Expense	298
Dues and Subscriptions	1,747
Education and Training	175
Miscellaneous	1,479

Total Legislative

\$ 42,039

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$ 11,500
Salaries and Wages - Per Diem	2,125

Other Services and Charges

Transportation and Expense	407
Education and Training	390
Miscellaneous	68
	\$ 14,490

Elections

Personal Services

Salaries and Wages	\$ 1,751
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Supplies

Office Supplies	1,290
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Other Services and Charges

Transportation and Expense	34
Miscellaneous	32

Capital Outlay

4,825 7,932

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Assessor			
Supplies			
Office Supplies	\$	1,247	
Other Services and Charges			
Contracted Services		20,800	
Miscellaneous		250	22,297
Clerk			
Personal Services			
Salaries and Wages	\$	11,500	
Salaries and Wages - Per Diem		750	
Salaries and Wages - Deputy		417	
Supplies			
Office Supplies		198	
Other Services and Charges			
Transportation and Expense		271	
Education and Training		480	
Miscellaneous		245	13,861
Board of Review			
Personal Services			
Salaries and Wages	\$	410	
Other Services and Charges			
Miscellaneous		67	477
Treasurer			
Personal Services			
Salaries and Wages	\$	15,147	
Salaries and Wages - Per Diem		825	
Salaries and Wages - Deputy		700	
Supplies			
Office Supplies		2,325	
Other Services and Charges			
Transportation and Expenses		147	
Dues and Subscriptions		60	
Miscellaneous		27	19,231

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT - Continued

Building and Grounds

Other Services and Charges

Communications

\$ 2,982

Repairs and Maintenance

5,750

Capital Outlay

238,357

247,089

Cemetery

Other Services and Charges

Aid to Other Governments

\$ 350

Miscellaneous

1,932

2,282

Total General Government

327,659

PUBLIC SAFETY

Health and Welfare

Other Services and Charges

Aid to Other Governments

\$ 5,000

Planning and Zoning

Personal Services

Salaries and Wages

\$ 3,387

Salaries and Wages - Per Diem

1,065

Other Services and Charges

Contacted Services

10,955

Transportation and Expense

421

Printing and Publishing

341

Miscellaneous

378

16,547

Total Public Safety

21,547

PUBLIC WORKS

Highways, Roads and Bridges

Other Services and Changes

Contracted Services

99,081

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

RECREATION AND CULTURAL

Recreation and Parks

Personal Services

Salaries and Wages

\$ 90

Other Services and Charges

Contracted Services

150

Aid to Other Governments

25,000

Total Recreation and Cultural

25,240

OTHER FUNCTIONS

Insurance and Bonds

\$ 4,140

Employee Benefits

Medicare and Social Security

6,350

Workers Compensation

2,777

Pension Contributions

3,655

Total Other Functions

16,922

Total Disbursements

\$ 532,488

OTHER FINANCING USES

Operating Transfers Out

Fire Fund

\$ 4,473

Park Recreation Fund

5,000

Battalion #2 Fire Department

5,000

Total Other Financing Uses

14,473

TOTAL DISBURSEMENTS AND
OTHER FINANCING USES

\$ 546,961

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	PARK RECREATION FUND	FIRE FUND	AMBULANCE FUND	BATTALION #2 FIRE DEPARTMENT FUND	TOTALS (MEMORANDUM ONLY)
<u>ASSETS</u>					
Cash					
Commercial Account	\$ 745	\$ 0	\$ 0	\$ 0	\$ 745
Savings Account	1,029	0	0	0	1,029
Money Market Account	0	0	0	5,296	5,296
Certificates of Deposit	2,500	0	0	0	2,500
Taxes Receivable	0	8,459	7,924	0	16,383
TOTAL ASSETS	\$ 4,274	\$ 8,459	\$ 7,924	\$ 5,296	\$ 25,953
<u>LIABILITIES AND EQUITY</u>					
<u>LIABILITIES</u>					
Deferred Revenue	\$ 0	\$ 8,459	\$ 7,924	\$ 0	\$ 16,383
<u>EQUITY</u>					
Balance					
Reserved for:					
Fire Protection	\$ 0	\$ 0	\$ 0	\$ 5,296	\$ 5,296
Parks and Recreation	4,274	0	0	0	4,274
Total Equity	\$ 4,274	\$ 0	\$ 0	\$ 5,296	\$ 9,570
TOTAL LIABILITIES AND EQUITY	\$ 4,274	\$ 8,459	\$ 7,924	\$ 5,296	\$ 25,953

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	PARK RECREATION FUND	FIRE FUND	AMBULANCE FUND	BATTALION #2 FIRE DEPARTMENT FUND	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>					
Taxes	\$ 0	\$ 73,794	\$ 78,532	\$ 0	\$ 152,326
Contributions from					
Local Unit	0	0	0	2,000	2,000
Interest and Rents	926	0	0	236	1,162
Other Receipts	108	0	0	1,028	1,136
Total Receipts	\$ 1,034	\$ 73,794	\$ 78,532	\$ 3,264	\$ 156,624
<u>DISBURSEMENTS</u>					
Public Safety					
Fire Protection	\$ 0	\$ 78,267	\$ 0	\$ 21,492	\$ 99,759
Ambulance Service	0	0	78,532	0	78,532
Recreation and Cultural					
Parks and Recreation	2,889	0	0	0	2,889
Total Disbursements	\$ 2,889	\$ 78,267	\$ 78,532	\$ 21,492	\$ 181,180
Excess of Receipts Over (Under) Disbursements	\$ (1,885)	\$ (4,473)	0	\$ (18,228)	\$ (24,556)
<u>OTHER FINANCING SOURCES</u>					
Operating Transfers In					
General Fund	5,000	4,473	0	5,000	14,473
Excess of Receipts and Other Sources Over (Under) Disbursements	\$ 3,145	\$ 0	0	\$ (13,228)	\$ (10,083)
<u>BALANCE</u> - Beginning of Year	1,129	0	0	18,524	19,653
<u>BALANCE</u> - End of Year	\$ 4,274	\$ 0	0	\$ 5,296	\$ 9,570

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

PARK RECREATION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 745
Savings Account	1,029
Certificate of Deposit	<u>2,500</u>
Total Assets	\$ <u><u>4,274</u></u>

LIABILITIES AND EQUITY

<u>LIABILITIES</u>	\$ 0
<u>EQUITY</u>	
Balance	
Reserved for Parks and Recreation	<u>4,274</u>
TOTAL LIABILITIES AND EQUITY	\$ <u><u>4,274</u></u>

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

PARK RECREATION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Income	\$ 5	\$ 21	\$ 16
Pavilion Rent	300	905	605
Other Receipts			
Miscellaneous	500	108	(392)
Total Receipts	\$ 805	\$ 1,034	\$ 229
<u>DISBURSEMENTS</u>			
Recreation and Cultural			
Parks and Recreation			
Personal Services			
Salaries and Wages	\$ 2,000	\$ 2,016	\$ (16)
Supplies			
Operating Supplies	0	302	(302)
Other Services and Charges			
Utilities	0	356	(356)
Miscellaneous	0	215	(215)
Total Disbursements	\$ 2,000	\$ 2,889	\$ (889)
Excess of Receipts Over (Under) Disbursements	\$ (1,195)	\$ (1,855)	\$ (660)
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers In			
General Fund	11,000	5,000	(6,000)
Excess of Receipts and Other Sources Over (Under) Disbursements	\$ 9,805	\$ 3,145	\$ (6,660)
<u>BALANCE</u> - Beginning of Year	0	1,129	1,129
<u>BALANCE</u> - End of Year	\$ 9,805	\$ 4,274	\$ (5,531)

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Taxes Receivable	\$ <u>8,459</u>
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LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 8,459
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EQUITY

Balance	
Reserved for Fire Protection	<u>0</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>8,459</u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Tax	\$ 78,599	\$ 65,298	\$ (13,301)
Delinquent Property Tax and Interest	0	8,496	8,496
Total Receipts	\$ 78,599	\$ 73,794	\$ (4,805)
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Protection			
Other Services and Charges			
Aid to Other Government	83,000	78,267	4,733
Excess of Receipts Over (Under) Disbursements	\$ (4,401)	\$ (4,473)	\$ (72)
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers In			
General Fund	5,000	4,473	(527)
Excess of Receipts and Other Sources Over (Under) Disbursements	\$ 599	\$ 0	\$ (599)
<u>BALANCE</u> - Beginning of Year	0	0	0
<u>BALANCE</u> - End of Year	\$ 599	\$ 0	\$ (599)

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

AMBULANCE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Taxes Receivable	\$ <u>7,924</u>
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LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 7,924
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EQUITY

Balance	
Reserved for Ambulance Service	<u>0</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>7,924</u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

AMBULANCE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes

Current Property Tax

\$ 69,250

Delinquent Property Tax and Interest

9,282

Total Receipts

\$ 78,532

DISBURSEMENTS

Public Safety

Ambulance Service

Other Services and Charges

Contracted Services

78,532

Excess of Receipts Over (Under) Disbursements

\$ 0

BALANCE - Beginning of Year

0

BALANCE - End of Year

\$ 0

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

BATTALION #2 FIRE DEPARTMENT

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ <u>5,296</u>

LIABILITIES AND EQUITY

<u>LIABILITIES</u>	\$ 0
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EQUITY

Balance	
Reserved for Fire Protection	<u>5,296</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>5,296</u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BATTALION #2 FIRE DEPARTMENT

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Contributions from Local Unit		
Mayfield Township		\$ 2,000
Interest and Rents		
Interest Earnings		236
Other Receipts		
Donations		
Miscellaneous	\$ 400	
	628	1,028
Total Receipts		\$ 3,264

DISBURSEMENTS

Public Safety		
Supplies		
Office Supplies	\$ 37	
Fundraising Supplies	308	345
Other Services and Charges		
Repairs and Maintenance	\$ 1,726	
Miscellaneous	421	2,147
Debt Service		
Principal	\$ 17,322	
Interest	1,678	19,000
Total Disbursements		\$ 21,492
Excess of Receipts Over (Under) Disbursements		\$ (18,228)

OTHER FINANCING SOURCES

Other Transfers In		
General Fund		5,000

Excess of Receipts and Other Sources Over (Under) Disbursements	\$ (13,228)
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<u>BALANCE</u> - Beginning of Year	18,524
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<u>BALANCE</u> - End of Year	\$ 5,296
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Petty Cash	\$ 238
Commercial Account	11,213
Savings Account	<u>4,825</u>
TOTAL ASSETS	\$ <u><u>16,276</u></u>

EQUITY

Balance	\$ <u><u>16,276</u></u>
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PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 2,189,118
Delinquent Tax Collections and Interest	37,292
Property Tax Administration Fees	21,898
Interest Earnings and Penalties	1,674
Commercial Forest	1,199
Overcollections from Taxpayers	<u>13,519</u>

Total Receipts

\$ 2,264,700

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$ 434,889	
State Education Tax	365,870	
Commercial Forest	834	
Delinquent Tax Collections and Interest	<u>4,304</u>	\$ 805,897
Payments to Township Treasurer		
Current Tax		
Operating	\$ 52,149	
Fire	65,298	
Delinquent Tax Collections and Interest	19,290	
Interest Earnings and Penalties	2,248	
Property Tax Administration Fees	<u>19,901</u>	158,886
Payments to School Treasurer		
Kingsley Area Schools		
Current Tax	\$ 648,215	
Commercial Forest	114	
Delinquent Tax Collections and Interest	<u>4,235</u>	652,564
Payments to College Treasurer		
Northwestern Michigan College		
Current Tax	\$ 216,084	
Commercial Forest	74	
Delinquent Tax Collections and Interest	<u>521</u>	216,679
Payments to City Treasurer		
City of Traverse City District Library		
Current Tax	\$ 86,511	
Commercial Forest	30	
Delinquent Tax Collections and Interest	<u>233</u>	86,774

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

DISBURSEMENTS - Continued

Payments to Intermediate School Treasurer		
Traverse Bay Area		
Current Tax	\$ 210,711	
Commercial Forest	72	
Delinquent Tax Collections and Interest	516	211,299
Payments to Transportation Authority Treasurer		
Bay Area Transportation Authority		
Current Tax	\$ 24,635	
Commercial Forest	8	
Delinquent Tax Collections and Interest	35	24,678
Payments to Kingsley Ambulance		
Current Tax	\$ 69,250	
Delinquent Tax Collections and Interest	9,282	78,532
Refund to Taxpayers for Overcollections		16,466
Checking Supplies and Bank Charges		617
Total Disbursements		<u>2,252,392</u>
Excess of Receipts Over (Under) Disbursements		\$ 12,308
<u>BALANCE</u> - Beginning of Year		<u>3,968</u>
<u>BALANCE</u> - End of Year		<u>\$ 16,276</u>

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 4	\$ 0	\$ 0	\$ 4
Land Improvement	175,325	0	0	175,325
Buildings	39,703	238,357	0	278,060
Machinery and Equipment	34,465	4,825	0	39,290
Furniture and Fixtures	25,097	0	0	25,097
	<u>\$ 274,594</u>	<u>\$ 243,182</u>	<u>\$ 0</u>	<u>\$ 517,776</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 274,594</u>	<u>\$ 243,182</u>	<u>\$ 0</u>	<u>\$ 517,776</u>

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	484,654	
County - State Education Tax		392,599	
Township			
Operating		65,789	
Fire		82,378	
Ambulance		77,174	
School			
Kingsley Area Schools		725,423	
Library			
Traverse Area District Library		96,410	
Intermediate School			
Traverse Bay Area Intermediate		234,823	
College			
Northwestern Michigan College		240,811	
Transportation Authority			
Bay Area Transportation Authority		<u>27,453</u>	\$ 2,427,514

TAXES COLLECTED

County	\$	434,889	
County - State Education Tax		365,870	
Township			
Operating		59,034	
Fire		73,919	
Ambulance		69,250	
School			
Kingsley Area Schools		648,215	
Library			
Traverse Area District Library		86,511	
Intermediate School			
Traverse Bay Area Intermediate		210,711	
College			
Northwestern Michigan College		216,084	
Transportation Authority			
Bay Area Transportation Authority		<u>24,635</u>	<u>2,189,118</u>

PARADISE TOWNSHIP, GRAND TRAVERSE COUNTY
KINGSLEY, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County	\$	49,765	
County - State Education Tax		26,729	
Township			
Operating		6,755	
Fire		8,459	
Ambulance		7,924	
School			
Kingsley Area Schools		77,208	
Library			
Traverse Area District Library		9,899	
Intermediate School			
Traverse Bay Area Intermediate		24,112	
College			
Northwestern Michigan College		24,727	
Transportation Authority			
Bay Area Transportation Authority		2,818	\$ 238,396

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

September 24, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Paradise Township
Grand Traverse County
Kingsley, Michigan

During the course of our audit of the general-purpose financial statements of Paradise Township for the year ended March 31, 2004, we noted the following items:

Budgeting

The township had not formally adopted a separate budget for the Ambulance Fund or the Battalion #2 Fire Department Fund. State law requires that this be done prior to expending any money in this fund.

The Act also states that the budget document that the Township adopts include the following financial information.

- (1) The actual results from the prior year
- (2) An estimate of the current year results
- (3) The proposed budget for the upcoming year
- (4) Amounts for contingencies, if appropriate
- (5) The amount of fund balance accumulated through the end of the current year, and the amount expected at the end of the upcoming year, after applying the budgeted receipts and disbursements.

Tax Collection Fund Recordkeeping

During our audit we encountered difficulty in balancing the Tax Collection Fund transactions back to the county settlement sheet. We have spent extensive time working with the Township Treasurer to find the source of the recordkeeping errors. During this time we have been able to determine the amount of disbursements that were disbursed through the Tax Collection Fund bank account. We will continue to work with the Treasurer to find and correct any errors that may exist in the Tax Collection Fund. We will report to the Supervisor in writing at the conclusion of this additional project.

Tax Collection Fund Balance

A balance of \$16,276 remained in the Tax Collection Fund at March 31, 2004. The Township General Fund and Fire Fund are owed a total of \$19,387. We recommend that the Township disburse each year all remaining funds in the Tax Collection Fund by March 31, except a small residual amount to maintain a minimum balance in order to keep the bank accounts open. As noted above, we are working with the Treasurer to reconcile the difference between the amount of money remaining in the Tax Collection Fund and the amount of money owed to the Township.

Payroll Tax and Wage Reporting

In the course of our audit, we determined that the March 2004 Form 941 has not been filed with the Internal Revenue Service. Additionally, not all 941 payroll tax deposits were made. We also attempted to review the W-2 year end forms for 2003 and were not able to. The Clerk has indicated that they may have been inadvertently thrown away. Also, the Michigan unemployment Quarterly reports were not available for review. Additionally, we were unable to verify that all employees were paid the correct amount during the year. We have discussed this potential problem with the Township, and the Township will review their records to ensure the proper amounts have been paid.

Pension Plan Reporting

The Township's pension plan requires that certain information be reported to them on a timely basis. It appears as though the Township has been behind in reporting this information to the pension plan.

Reconciliation Between Clerk and Treasurer Records

The Township should consider implementing a monthly closing procedure for closing the township records on a monthly basis. The State of Michigan requires that the Clerk and Treasurer reconcile their records with each other on a monthly basis. Setting up standardized monthly procedures to facilitate this process would help ensure the proper accounting is taking place on a timely basis.

Fire Extra Voted Millage

The Township should record the fire extra voted millage on a separate set of books in the future, out of the General Fund. This will help account for the proper tax collection fund transactions.

The Township board is also responsible for amending the budget during the year to allow for expenditures in excess of original appropriations, or to reduce appropriations if it appears the actual expenditures will be much less than originally appropriated.

The adoption of the budgets for each fund should be clearly noted in the board minutes, as well as any amendments to the budget throughout the year.

GASB 34

The Governmental Accounting Standards Board has issued Statement #34. The implementation date of the Township for GASB 34 would be for the year ending March 31, 2005. We will assist the Township with complying with any GASB 34 requirements of the State of Michigan as the implementation date draws closer.

We would like to thank the board for its continued confidence in our firm and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

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CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Paradise Township
Grand Traverse County
Kingsley, Michigan

In planning and performing our audit of the general-purpose financial statements of Paradise Township, Grand Traverse County, Kingsley, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.